

Message Text

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12
ORIGIN ABF-01

INFO OCT-01 NEA-09 ISO-00 AID-20 TRSE-00 AGR-20 FS-01

FBO-01 A-01 M-02 EB-11 HEW-08 SCI-06 INT-08 L-03

/092 R

DRAFTED BY M/FRM/FM:RPWHITENER:SLW

APPROVED BY NEA/INS:DKUX

NEA/INS:RBMORLEY

AID/ASIA/SA:JCOLES

TREASURY/BA:DCHIODO (SUBS)

TREASWRY/IA:SCANNER (INFO)

AGR:HNORTON (INFO)

BF/FS:MHINES (INFO)

----- 085167

R 222230Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: ABUD, EFIN, AFIN, IN

SUBJECT: RUPEES: USE OF ACCOUNTS FY 1975-7

REF: (A) NEW DELHI 8962; (B) STATE 144385

1. CLARIFICATIONS REQUESTED PARA. 2 REFTEL ARE BY LETTERED SUBPARAGRAPHS AS FOLLOWS:

A. INASMUCH AS COOLEY "A" ACCOUNT IS FULLY PROGRAMMED AND REFLECTS A DEFICIT OF RS. 51.3 MILLION TRANSFERRED TO THE COOLEY "B" ACCOUNT, ANY NEW P.L. 480 AID GRANTS (SUCH AS ST. JOHN'S) COULD COME ONLY FROM COOLEY "B". HOWEVER, NO ADDITIONAL P.L. 480 GRANTS HAVE WASHINGTON APPROVAL AT THE PRESENT TIME.

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B. ALL FBO EXPENDITURES IN FY 1975 ARE TO COME FROM COOLEY

"A" ACCOUNT, AS WELL AS THOSE FOR L/L (NOA FOR L/C OF RS. 2.7 MILLION FOR FIRST QUARTER FY 1975; RS. 7 MILLION FOR LAST THREE QUARTERS TO BE CHARGED TO THE NON-P.L. 480 RUPEE ACCOUNT), AND FOR HEW/SRS. STATE 144385 ESTIMATES THAT OF RS. 44.1 MILLION REQUIRED FOR THE FOUR SFCP ACCOUNTS TN FY 1976, RS. 28.2 MILLION ARE TO COME FROM COOLEY "A" AND THE REMAINING RS. 15.9 MILLION FROM COOLEY "B". ALL RUPEE REQUIREMENTS OF 35.4 MILLION IN FY 1977 FOR FBO, SRS, INTERIOR AND

L/C ARE TO COME FROM COOLEY "B". THE WORD "COMMITMENTS" APPEARING IN PARAGRAPH 7 OF PART I OF THE FEBRUARY 18, 1974 AGREEMENT MUST BE INTERPRETED BROADLY TO INCLUDE ANY PLANNED USG USES AS SET FORTH AGAINST RS. 190 MILLION IN STATE 144385 IF A SHORTAGE OF P.L. 480 RUPEES FOR REQUISITE PURPOSES IS TO BE AVOIDED. HOWEVER, NEW INSTRUCTIONS WILL BE ISSUED AT THE BEGINNING OF FY 1976.

C. ALL FIGURES PROVIDED TO THE EMBASSY (AND THEREFORE BY THE EMBASSY TO THE GOI) ON VARIOUS PROJECTED REQUIREMENTS FOR P.L. 480 RUPEES WERE ESTIMATES, AND NECESSARILY SO. THE FEBRUARY 18 AGREEMENT CLEARLY PROVIDES FOR THE USE OF THE NON-P.L. 480 RUPEE ACCOUNT FOR FINANCING USES ESTABLISHED PRIOR TO JUNE 30, 1972. ONLY PROVISIONS OF U.S. LAW REQUIRE USE OF P.L. 480 CURRENCY FOR CERTAIN ACTIVITIES. AMONG SFCP ONLY FOUR PROGRAMS ARE SO LIMITED: FBO, L/C, HEW/SRS, AND DOI. UNPAID OBLIGATIONS OF ALL OTHER SFCP, INCLUDING THOSE ENGAGED IN RESEARCH, MAY BE LIQUIDATED WITH NON-P.L. 480 RUPEES IRREGARDLESS OF WHEN THE OBLIGATIONS WERE INCURRED. THE WASHINGTON VIEW IS THAT FIGURES GIVEN TO THE GOI ON REQUIREMENTS FOR THE RS. 190 MILLION WERE ESTIMATE ONLY WHICH RESULTED IN AGREEMENT ON THE CONTINUED AVAILABILITY OF THE RS. 190 MILLION AMOUNTS BUT THAT THE USG MUST HAVE FLEXIBILITY IN USE OF THIS AMOUNT FOR ITS FINAL AND FIRM REQUIREMENTS.

D. OMISSION OF INTERIOR FROM PARA. 1 REFTEL (B) ?AS NOT OVERSIGHT. NO UNPAID OBLIGATIONS EXISTED FOR THIS DEPT. ON JULY 1, 1974 AND NO OBLIGATIONS ARE PLANNED FOR FY 1975.

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2. IN RE PARA. 5 REFTEL (A), THE LANGUAGE OF PARA. 2, PART I OF THE AGREEMENT LED US TO BELIEVE THAT THE TRANSITION ACCOUNT WAS USABLE FOR ANY AND ALL USG EXPENDITURES FROM THE SIGNING OF THE AGREEMENT UNTIL IT EXPIRED ON JUNE 30, 1974, AND THAT NO USE NEED BE MADE OF COOLEY ACCOUNTS (A) AND (B) AND THE NON-P.L. 480 RUPEE ACCOUNT UNTIL THE TRANSITION ACCOUNT EXPIRED. WE CONSID-

ERED THAT THIS WOULD SERVE USG INTERESTS IN CONSERVING THE RETAINED RUPEES FOR FUTURE REQUIREMENTS. WASHINGTON INSTRUCTIONS RE MAXIMUM LIQUIDATION OF AID P.L. 480 GRANTS PRIOR TO JUNE 30 BASED ON THIS UNDERSTANDING. IN VIEW OF YOUR ADVICE THAT RESIDUE OF TRANSITION ACCOUNT GRANTED TO GOI ON JULY 3, DISREGARD OUR INSTRUCTION IN REFTEL (B) FOR RETROACTIVE ADJUSTMENT OF TRANSITION ACCOUNT.

3. PLEASE ADVISE BY TELEGRAM THE AMOUNT OF RUPEES AND THE APPLICABLE DOLLAR EQUIVALENT IN THE JULY 3 GRANT TO THE GOI OF JUNE 30 TRANSITION ACCOUNT BALANCES, AND THE

METHOD USED TO EFFECT THE GRANT.

4. WE WOULD APPRECIATE ALSO THE RUPEE AMOUNTS (AND THE R DOLLAR EQUIVALENTS) DRAWN RESPECTIVELY FROM THE COOLEY "B" ACCOUNT AND THE NON-P.L. 480 RUPEE ACCOUNT TO MAKE UP THE TOTAL RUPEE AMOUNT FOR THE JULY 1 CONVERSION.

5. IN ADDITION TO COOLEY "B" FUNDS CONVERTED ON JULY 1, WERE RUPEES RECEIVED AS COOLEY LOAN REPAYMENTS BY COB JUNE 30 AND EITHER (1) DEPOSITED IN BANK ACCOUNTS ON JUNE 30 BUT NOT PICKED UP IN USDO BALANCES AS OF JUNE 30, OR (2) RECEIVED ON JUNE 30 BUT NOT BANKED UNTIL JULY? IF SO, PLEASE LET US HAVE EACH OF THESE AMOUNTS, TOGETHER WITH THE TOTAL COOLEY REFLows RECEIVED TO DATE IN FY 1975.

6. YOU SHOULD NOTIFY ALL APPROPRIATE PERSONNEL THAT NO NEW AID P.L. 480 INDIAN RUPEE GRANTS WITHOUT APPROPRIATIONS FOR EITHER INDIA OR NEPAL CAN BE IMPLEMENTED WITHOUT SPECIFIC AUTHORIZATION FROM WASHINGTON, BUDGETARY AND FINANCIAL ACTION MUST BE COMPLETED HERE BEFORE LEGAL AUTHORIZATION CAN BE PROVIDED. THIS INSTRUCTION APPLIES TO THE LIMITED OFFICIAL USE

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ASSISTANCE TO NEPAL CONTEMPLATED IN THE FEBRUARY 18, 1974 AGREEMENT. KISSINGER

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